

QUESTIONS AND ANSWERS

REGARDING WASHINGTON HEALTH BENEFIT SIMULATION MODEL DEVELOPED BY THE LEWIN GROUP FOR THE OIC

1. What is the data source for costs of personal utilization of various types of health care services and how are these costs distributed by source of payment, type of service and to population subgroups?

The distribution of personal healthcare utilization and spending is estimated based upon the MEPS household data and Washington Population Survey. The totals by source of payment and type of service are controlled to match the data from various state agencies reports and the CMS national health account data for Washington State. There is also an adjustment for inflation.

2. How are the various data sources mentioned combined into the “synthesized” database to improve the data validity, reliability and accuracy?

In Appendix 1, we show how the personal health services were combined into types of service.

3. What are the components of administrative costs?

Administrative cost includes the cost of administering private insurance and public programs. Administrative costs for public programs come directly from the programs. Administrative costs for private insurance were estimated by the Lewin Group. The Lewin Group used its Health Benefits Simulation System and the data base built from the CMS national health account data for Washington State and Washington State Population Survey. It does not include the cost of provider administration. Provider administrative costs are embedded with other costs in their revenues but are not estimated or itemized separately.

4. How are the alternative medicine providers (Chiropractic, Naturopath, Massage, Optometry, podiatry and others) coded in the categories of the pie-chart “expenditure by service type” respectively?

They are included in the category of other professional services.

5. What type of providers are included in the “other professional” category?

Revenue from the following providers (listed by North American Industry Classification - NAICs) is categorized into the CMS national health account data for Washington State. The data for providers listed under NAIC “62139, Offices of all other Health

Practitioners” is aggregated. Separate reports by each provide type under NAIC 62139 will not be possible by the simulation system which was developed to estimate the impact of large, structural changes. OIC staff will attempt to gather and analyze specific data on providers when they are needed by the task force.

*62131 Offices of chiropractors
 62132 Offices of optometrists
 62133 Offices of mental health practitioners (except physicians)
 62134 Offices of physical, occupation, & speech therapists & audiologists
 62139 Offices of all other health practitioners
 Acupuncturists' (except MDs or DOs) offices (e.g., centers, clinics)
 Christian Science practitioners' offices (e.g., centers, clinics)
 Dental hygienists' offices (e.g., centers, clinics)
 Denturists' offices (e.g., centers, clinics)
 Dietitians' offices (e.g., centers, clinics)
 Herbalists' offices (e.g., centers, clinics)
 Home nursing services, private practice
 Homeopaths' offices (e.g., centers, clinics)
 Hypnotherapists' offices (e.g., centers, clinics)
 Inhalation therapists' offices (e.g., centers, clinics)
 Licensed practical nurses' (LPNs) offices (e.g., centers, clinics)
 LPNs' (licensed practical nurses) offices (e.g., centers, clinics)
 Manual-arts therapists' offices (e.g., centers, clinics)
 Massage therapists' offices
 Midwives' offices (e.g., centers, clinics)
 Naturopaths' offices (e.g., centers, clinics)
 Nurses', licensed practical or registered, offices (e.g., centers, clinics)
 Nutritionists' offices (e.g., centers, clinics)
 Paramedics' offices (e.g., centers, clinics)
 Physicians' assistants' offices (e.g., centers, clinics)
 Practical nurses' offices (e.g., centers, clinics), licensed
 Registered nurses' (RNs) offices (e.g., centers, clinics)
 Respiratory therapists' offices (e.g., centers, clinics)
 RNs' (registered nurses) offices (e.g., centers, clinics)*

6. What is included in the service category “other personal healthcare”?

The “other personal healthcare” includes eyeglasses, durable medical equipment, and home and community based services. The home and community based services are excluded from the model along with other long-term care services. Eyeglasses and durable medical equipment can be identified separately, but not by specific items such as hearing aids and wheel chairs.

7. How were costs of medical services updated in the Washington State database built in the Lewin model?

The Lewin Group used CMS estimates by different types of service to forecast the data presented in the model.

8. What expenditures are included in the “source of payment” category of “Self Pay”? Is this equal to “Out of Pocket” expenditure?

Yes. It includes spending for uncovered services, deductibles, co-payments, and payments of coinsurance. It also includes direct payments to providers from the uninsured.

9. What expenditures are included in the “source of payment” category of “Other Public Program”?

Other public programs include: General Assistance and Medically Indigent programs (\$182.1 million), spending for community health centers (\$7.7 million), emergency and trauma programs (\$7.4 million), hospital tax subsidies (\$15.1 million), and CMS estimates for other long term care (\$25 million).

10. Which “source of payment” category includes Taft-Hartley insurance expenditures in the model?

Taft-Hartley expenditures are included in the aggregate of the Employment Based Health Spending category. The simulation system can not separately report Taft-Hartley expenditures. OIC staff will attempt to gather and analyze additional data whenever the task force needs specific information about the Taft-Hartley market segment.

Which “source of payment” category includes research grants?

Research is specifically excluded from the source of payment data because they are not part of “personnel health spending”.

11. Are charity expenses and philanthropy costs included in the total personal healthcare spending and which category?

Yes, they are embedded in various types of service. The total charity care provided by hospitals in Washington State is available from Department of Health reports for hospital services.

12. What source of payment category captures medical education expenditures?

The OIC will continue to research an answer to this question.

13. What sources of payment are included in the category of “employer coverage”?

Private and public employer purchased insurance, union purchased (Taft-Hartley) insurance and employer self-funded plans (ERISA).

14. How many health services are simulated by the model and what are they?

The model includes 43 health services categories that can be considered under a policy option. They listed in Appendix 1.

15. What market segments are simulated by the model?

- *Medicare;*
- *CHAMPUS/TRICARE;*
- *Medicaid - aged/disabled;*
- *Medicaid – TANF and other;*
- *Basic Health Plan;*
- *Private employer plans – ERISA;*
- *Private employer plans – Non ERISA;*
- *Employer plans – State and local workers;*
- *Employer plans – FEHBP;*
- *Individual market; and*
- *Uninsured.*

16. Washington State Health Insurance Pool, our high-risk pool for the individual market: Is the cost of the high-risk pool captured separately, as part of the cost of individual market, or some other way?

Data on the Individual market includes the high-risk pool population. Statistics on the high-risk pool, however, cannot be reported separately.

17. What is the smallest geographic region in which we can produce information? By county?

The model does not produce estimates by geographic area. This is because data on the variation of health care costs between specific regions of the state could not be obtained. Without such data, a geographic adjustment was not possible. The Lewin Group does have estimates of the number of uninsured individuals by county. These estimates are from several sources. However, at this time, we cannot produce results on how costs vary by specific regions of the state.

Appendix 1: Model Parameters and Type of Health Services

Benefit Parameter Number	Type of Service	Personal Health Services	Note
1	Inpatient Hospital	Inpatient - Mental Health	
2		Inpatient - Substance abuse	
3		Inpatient - Maternity	
4		Inpatient - Other	
5	Outpatient Hospital	Outpatient Hosp. - Mental Health	
6		Outpatient Hosp. - Substance Abus	
7		Outpatient Hosp. - Dialysis	
8		Outpatient Hosp. - Other	
9		Hospital Emergency Room	
36		Outpatient Hosp - Radiology	
35		Outpatient Hosp - Lab/Pathology	
10	Physician Services	Physician - Inpatient Mental He	
11		Physician - Inpatient Other	
13		Physician Outp. - Mental Health	
14		Physician Outp. - Substance Abus	
15		Physician Outp. - Prevention	
16		Physician Outp. - Maternity	
17		Physician Outp. - Dialysis	
18		Physician Outp. - Other	
19		Physician Office - Mental Health	
20		Physician Office - Substance Abu	
21		Physician Office - Prevention	
23		Physician Office - Ophthalmology	
24		Physician Office - Other	
37		Office based - Lab/Pathology	
38		Office Based - Radiology	
22		Physician Office - Maternity	
12		Physician - Emergency Room	
28	Dental Service	Dental - Preventive	
29		Dental - Accident	
30		Dental - Restorative	
31		Dental - Orthodontia	
25	Other Professional Service	Psychologist - Mental Health	"Other professional services" covers spending for services provided by health practitioners other than physicians and dentists. Professional services include those provided by private-duty nurses, chiropractors, podiatrists, optometrists and physical, occupational and speech therapists, among others.
26		Psychologist - Substance Abuse	
27		Optometrist	
32		Chiropractic	
33		Podiatry	
34		Other Prof. Service (Exclude listed above)	
39	Prescription	Prescription Drugs - Mental/Sub	

40	Drugs	Prescription Drugs - Other	
41	Other Health Services	Durable Medical Equipment	
42		Eyeglasses	
43		Organ Transplants	